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PRESS STATEMENT BY JAPAN REISHI ASSOCIATION

With the increasing expansion of globalization, counterfeiting and falsifying a product's origin have become a worldwide problem. No country is immune from the threat of counterfeit products. Many consumers still think counterfeit products are only limited to knock-off bags and watches. In fact, counterfeiting is of an increasing concern to the pharmaceutical and health supplement industry in the United States. The World Health Organization (WHO) defines counterfeiting as a product that is deliberately and fraudulently mislabeled with respect to source and/or identity, and includes products with the correct ingredients, wrong ingredients, incorrect quantities of active ingredients, and/or products with fake packaging.

The growing threat to public health has been largely underestimated. In particular, it is difficult for consumers to identify counterfeit health supplements and often believe that the imported products are fairly perfect and safe especially when they are under the impression that these products have been inspected by the US Customs and FDA before entering into the US market. However, WHO estimated that 8% of the drugs imported into the United States, a country where drug regulation is among one of the world's strictest, are fakes. The production and distribution of counterfeit medicines, not to mention the minority herbal

health supplements, is of a lesser priority for Customs and regulatory authorities to combat than narcotics.

Counterfeiting is attractive because the relatively cheap-priced inferior quality products can provide huge profits to counterfeiters. Criminals further realize that the regulatory systems are stressed under the pressures of an increasingly global economy that provides a good opportunity for slipping these products into the marketing system. Lower cost prices and higher profit margins are the baits that counterfeit herbal health supplements manufacturers and distributors offer to other wholesalers and retailers.

Consumers are the primary victims of the counterfeit herbal health supplements. Counterfeiters may use fake or altered active ingredients and fake or diluted inactive ingredients to manufacture the products, which can be harmful to the consumers. In order to protect them from the harmful effects of counterfeit products, it is necessary to provide them with the appropriate information and education on the consequences and awareness in the existence of counterfeit herbal health supplements in the market especially when the government is still lacking the ability to track, measure and investigate the counterfeiting problems on the minority herbal health supplements.

When consumers lose confidence in products or brands that are widely counterfeited, this can create a serious “multiplier effect” such as the lost of retail

sales, affecting the business of the distributor and even worse, damaging of the reputation of the whole industry.

In view of that, the Japan Reishi Association was set up in 2003 to provide information and education to the general public about Japan Reishi health food products and protect consumers from fraudulent producers and marketers of counterfeit reishi products. JRA also helps in maintaining the highest standards of product quality and business practices in the Japan Reishi industry worldwide by monitoring the market place activities .

With the recent success of a lawsuit brought against Herba Natural Products Inc. in New York, JRA hope that this would alert the consumers of the existence of counterfeit reishi products available in the market and enhance their knowledge in exercising their consumers' rights in investigating more about the products before purchase. Do not fall victim to the counterfeiters' schemes and whose main interest is to reap huge profits from the public by distributing inferior quality products that might cause major health problems to consumers.

Until the governments can improve their enforcement system and impose heavy penalties on counterfeiting, piracy and infringement of intellectual property rights, the industry itself has to take an active role to safeguard its own interests and protect the consumers. JRA would like consumers to use their call centre (1-888-573-4744) and inform us of any suspicious reishi products that claim to be of

Japanese origin. JRA will work full force to make sure the American market place is safe again from misdeeds of a few greedy individuals.